



March 9, 2010

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke St  
Alexandria, VA 22314-3428

RE: Comments on Part 704 Corporate Credit Unions

Dear Ms. Rupp:

I truly appreciate the opportunity to comment on the proposed changes to Part 704. McClatchy Employees Credit Union is a small institution serving a single employer. With our small asset size comes significant limitations in the product offerings we can develop and implement in-house. Our corporate has been instrumental in allowing us to maintain market share in an extremely challenging environment. We have utilized their investment, settlement, and correspondent ACH services and consider them to be "best in breed" products. As the corporate crisis unfolded last year it became increasingly clear that considerable changes were required in the structure and scope of the system.

It is evident that the Board shares my concern about the future of corporate credit unions and I appreciate the thoroughness of their research and the detail contained in the proposed rule. Unfortunately, as I reviewed the proposed changes, I came to the conclusion that as presently constituted the proposed changes would create an environment that would be at best harmful while potentially toxic not only to the corporates but to the natural person credit unions that rely upon them. A review of the comment letters posted on the agency's website reveals a wide range of approaches not included in the proposed rule which I believe would be less harmful to the industry and provide for greater innovation and stability while ensuring that safety and soundness concerns are met. I believe that the critical issues contained in the rule are too extensive to simply edit and therefore strongly recommend that NCUA rewrite the proposed rule and open it up to another period of commenting.

In my opinion the proposed model for attaining minimum capital ratios is unrealistic. My Board will not be willing to immediately recapitalize a corporate, particularly with the shadow of toxic legacy assets continuing to loom over the system. I recommend that the period provided to develop minimal capital levels be expanded to at least three years and that a resolution to the legacy assets issue be announced before any future proposed rule is introduced. In addition, I am opposed to a blanket prohibition against the payment of dividends by under-capitalized corporates. As noted above I expect a degree of reticence against investing in corporates will be a natural fallout of the crisis and believe that restricting dividends would be counter-productive to the goal of restoring both health and confidence to the sector.



Thank you for the taking the time to review my comments and recommendations. Your efforts towards providing us with a safe, strong, and reliable corporate system are truly appreciated. It is crucial that the regulations which are eventually adopted allow the corporate system to not only endure the challenges of the present but to thrive in the future as well. I believe that the proposed rule creates an environment which will not allow our corporates to do either and therefore respectfully request that NCUA withdraw the current document and consider another round of proposed rule-making and additional comment period prior to implementing any changes to Part 704.

Sincerely,

A handwritten signature in black ink, appearing to read "Serfozo".

Stephen J Serfozo, CUDE  
Executive Manager